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OFICIAL FILE COMMERCE COMMISSION STATE OF ILLINOIS ILLINOIS COMMERCE COMMISSION FEB 7 3 18 PM 'NO

In the Matter of:	<i>)</i>	CHIEF CLERK'S OFFICE
Illinois Gas Company)	
Petition pursuant to §6-102 of the Public Utilities Act seeking authority to incur indebtedness in the amount of \$3,200,000.00 to be repaid over a period of time in excess of twelve months, to give security therefor, and to pay the proceeds of such funds received for such indebtedness; determining the fee to be paid pursuant to §6-108 of the Public Utilities Act; and ratifying incurrence of existing indebtedness.))))))))))))))))	Docket No.: <u>00-0132</u>

PETITION

To the Illinois Commerce Commission:

Petitioner, Illinois Gas Company ("Illinois Gas", "Petitioner" or "Company"), respectfully shows that:

- It is a corporation duly organized and existing under the laws of the State of
 Illinois and is engaged in the distribution and sale of natural gas to the public
 in the State of Illinois.
- 2. It is a public utility within the meaning of an act entitled, "The Public Utilities Act" (220 ILCS 5/1-101 et. seq.) (the "Act"), now in force in Illinois and is subject to the jurisdiction of this Commission.
- 3. It has, subject to the approval of this Commission pursuant to §6-102 of the Act, entered an agreement to borrow \$3,200,000.00 from Community Bank

- and Trust, NA. The specifics of said agreement are contained in Exhibit "A" attached hereto and incorporated herein by this reference.
- 4. The proceeds from this financing, if approved, will allow Illinois Gas to restructure its current debt and permit more efficient budgeting as a result of stabilized cash flow demand.
- 5. As of December 31, 1999, Petitioner has 3,000 shares of common stock authorized and 2,400 shares issued and outstanding on which dividends of \$50,400.00 me current.
- 6. It has, as of December 3 1, 1999, the following indebtedness: Long Term Debt: (Approved in ICC Docket 89-0212)

Lender Community Bank & Trust Community Bank & Trust Total	Principal \$ 555,612.19 	Rate(%) 7.25% 7.25%	Maturity Aug 2004 Oct 1999
	Short Term Debt	t:	
Community Bank & Trust Heritage National Bank Heritage National Bank Old National Bank Total	\$1,900,000.00 200,000.00 200,000.00 500.000.00 \$2,800,000.00	7.75% 8.00% 8.00% 8.50%	Jul 1999 Jan 2000 Feb 2000 Jun 2000

- 7. If the loan is approved by this Commission, the proceeds thereof will be expended as follows:
 - A. Immediate retirement of all current long term debt; and
 - B. Retirement of short **term** debt with interest rates equal to or greater than the 8.00% rate in the loans to be obtained.
- 8. The Company will owe a fee pursuant to and payable in accordance with §6-

- 108 of the Act, in the amount of \$6,400.00 if the financing which is the subject of this Petition is approved by this Commission.
- 9. In the judgment of Illinois Gas, the financing for which approval is sought by this petition is fair and reasonable, in the best interest of its customers and should be approved by this Commission.
- 10. In the judgment of Illinois Gas, the indebtedness as described in paragraph 6 hereinabove was fair and reasonable, in the best interest of its customers and the incurrence of said indebtedness should be ratified by this Commission.

WHEREFORE, Illinois Gas respectfully prays that an Order be entered by this

Commission:

- A. Authorizing it to incur indebtedness on February 4, 2000, in the amount of \$3,200,000.00, of which \$2,200,000.00 will have a term of 20 years, secured by a mortgage on all company property, with interest fixed at 8.00% per annum for a period of five years, and then adjusting annually to Prime Rate less 1/4% as published in *The Wall Street Journal*. The remaining \$1,000,000.00 will be a revolving line of credit with a 20 year term, secured by a mortgage on all company property, with the initial interest fixed at 8.00% per annum for a period of five years, and then adjusting quarterly to Prime Rate less 1/4%, as published *in The Wall Street Journal*.
- B. Authorizing it to execute promissory notes for the above indebtedness.
- C. Authorizing it to execute and deliver to Community Bank and Trust, NA as creditor, Security Agreements, Mortgages, and Uniform Commercial Code Forms 1, as required, on all real and personal property now owned or hereinafter acquired by the Company, evidencing the lien on said property by Community Bank and Trust, NA as security for the indebtedness described in subparagraph "A" above.
- D. Authorizing it to use the loan proceeds as follows:

- Retirement of all existing long term debt, 1.
- 2. Retirement of existing short term debt which bears interest at a rate greater than or equal to the 8.00 % guaranteed in the loans for which approval is sought.
- Directing Illinois Gas to, prior to execution of the promissory notes described E. in subparagraph "B" above, cause to be placed on the face of each of said notes (for ease in identification thereof) the following:

ILLINOIS COMMERCE COMMISSION	
Identification No.	

- Ratifying the indebtedness incurred by Illinois Gas as described in paragraph F. "6" above.
- Determining the amount of the fee to be paid by Illinois Gas Company to this G. Commission, resulting from the approval of the loan, to be the amount of \$6,400.00, and ordering payment thereof pursuant to the Act.
- Approving and authorizing Illinois Gas' performance of such other and further H. actions or transactions not contrary to the Illinois Public Utilities Act or the Rules and Regulations of this Commission as may be necessary and appropriate to carry out the aforementioned transaction.

Respectfully submitted,

ILLINOIS GAS COMPANY, Petitioner

Paul G. Neff, Assistant Treasurer

Stanley L. Morris Quinn, Johnston, Henderson & Pretorius, Chartered 3 North Old State Capital Plaza Springfield, Illinois 6270 1 217-753-1133

STATE OF ILLINOIS)	
)	SS
COUNTY OF LAWRENCE)	

VERIFICATION

PAUL NEFF, Assistant Treasurer of Illinois Gas Company, being first duly sworn, deposes and says he has read the foregoing Petition; that the facts and matters set forth therein are true to the best of his knowledge and belief; that he is authorized to execute this Verification on behalf of Illinois Gas Company.

PAUL NEFF

Subscribed and sworn to before me, a Notary Public, this 25a y o f

OFFICIAL SEAL RICKY W. ZEHNER NOTARY PUBLIC STATE OF ILLINOIS My Commission Expires 4-9-2000



Progressivebanking for growing communities

August 24, 1999 —

Illinois Gas Company Paul Neff Roger Avery P. 0. Box 596 Lawrenceville. IL 62439

Dear Paul and Roger:

I have enjoyed the educational process I have had working with your company. Paul and I have developed a working relationship that benefits both local companies.

Below I have outlined in bullets benefits that Illinois Gas Company has had working with Community Bank & Trust and new services that will be offered in the future:

- We have worked with Paul on the overdraft protection. This allows standard bank charges on overdraft accounts to be calculated on an interest only charge. This has accumulated to a significant savings for Illinois Gas Company.
- Community Bank & Trust has continued to provide quality service in representing Illinois Gas Company customers in bill collection points. Our branches are located in each community that your company services (Richland, Lawrence and Jasper). This service is provided as a courtesy to your company. In addition, I have spoken with Paul about his goals in handling billings by ACH. This service can be offered to your customers.
- Presently, we are in the process of testing our "new" Prime Money Market account. Upon the completion of our testing, this product will be marketed to our large (over \$1 O,OOO.OO) money market customers. This account will have similar characteristics as our present money market, but will have a present rate of 1.95% greater than our existing money market accounts.

I have reviewed your request for financing. Below I have outlined our proposal. These proposals are recommendations made due to current market **conditions**. The following rates are based on a prime rate on August 19, 1999 of 8%.

820 W. Lincoln Charleston, IL 61920 (217) 345-4824 Illinois Gas Company Page #2 August 24, 1999

The proposed real estate loan for \$2,200,000.00 will be amortized over a 20 year period. The rate of 8% will be fixed for 5 years.

The line of credit for \$1,000.00.00 will be a revolving note with a 20-year term. This rate can be **fixed** at 8% for 5 years. We will offer an annually adjusted rate of ¼ under prime. The initial adjustable contract would be for 7.75%.

The security on the loans would be cross-collateralized. The Illinois Gas Company plant and easements will need an appraisal evaluation. The titles and equipment held for security will be handled as they have been in the past. This will allow Paul easy access to. secured vehicles that are purchased and traded.

It is our intention to offer Illinois Gas Company and its representatives quality products and services. In the past, we have handled loan requests on short notice, terms and agreements with special arrangements, and a working **relationship** that has been very positive for both companies. We appreciate the opportunity to have worked with you the past ten years and we are looking forward to continuing our business arrangements.

If you have any questions, please do not hesitate to call me at 618/395-8676.

Sincerely

Kevin Washburn Vice President

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